

Attachment 2 Policy and Procedure Register updates

Summary of changes to:

Financial internal controls policy

1. Reason for new/updated policy or procedure <i>(select all that apply)</i>		
<input type="checkbox"/> Change of policy/procedure requirements	<input type="checkbox"/> Audit/review recommendation	
<input type="checkbox"/> Change to legislation/delegations	<input checked="" type="checkbox"/> Due for review	<input type="checkbox"/> Other
The Financial internal controls policy has been updated as a result of its normal cyclical review.		
2. Summary of changes		
<p>No significant amendments were required as the policy intent remains unchanged.</p> <p>Minor amendments have been made that:</p> <ul style="list-style-type: none"> • reference human rights legislation and responsibilities, • correct links to external reference guidance, and • provide minor clarity improvements to wording. 		
3. Impacts to roles and responsibilities		
Does the new/updated content change staff roles/responsibilities <i>in any way</i> ?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<i>If yes, select the type of change: (select all that apply)</i>		
<input type="checkbox"/> Revised responsibilities	<input type="checkbox"/> New/additional responsibilities	<input type="checkbox"/> Removed responsibilities
4. Communication and support for implementation		
No communication or support is required. The policy intent has not changed.		
<p>For further assistance, please contact:</p> <p>Policy/procedure contact:</p> <p>Financial Business Policy Finance, Procurement and Facilities FinancialPolicy.Finance@qed.qld.gov.au</p>		



Financial internal controls policy

Version: 2.0 | Version effective: 14/07/2025

Audience

Department-wide

Purpose

This policy describes the Department of Education's (the department's) system of financial internal controls, in line with Queensland Treasury's [Financial Accountability Handbook \(Volume 3: Designing Internal Controls\)](#).

Policy statement

The department's financial internal control structure is aligned with an internationally recognised framework established by the [Committee of Sponsoring Organisations of the Treadway Commission \(COSO\)](#). All departmental business units, including schools, must have an efficient and effective system of financial internal controls. The department is committed to using internal financial controls in a manner that is compatible with human rights.

Principles

The department's system of financial internal controls will:

Principle	What this means for the department
Support achievement of objectives	Controls ensure that the department gains maximum value from available resources.
Protect against fraud	Controls protect the department's assets and information, and protect individuals by guiding actions to comply with regulations.
Support compliance assurance	Controls ensure that the department meets its legislative, policy and procedural compliance requirements.
Maintain quality of information	Controls ensure that accurate, complete and timely accounting information is available for effective decision making.
Be cost effective	The cost of implementing a control will be proportionate with the risk that the control mitigates.

Principle	What this means for the department
Be compatible with human rights	The department's actions and decisions consider and are compatible with human rights.

Requirements

Internal controls may be preventive or detective. Financial internal controls include (but are not restricted to):

- induction and ongoing training for all staff to ensure that they are aware of their obligations
- delegations to align expenditure authority with role responsibility
- [segregation of duties](#) (DoE employees only) to require more than one staff member to participate in a financial transaction so that no one individual has sole control and/or visibility over the transaction
- system controls to restrict individuals' ability to process transactions based on authority levels and to enforce segregation of duties
- [independent checks](#) (DoE employees only), particularly where the availability of segregation of duties is limited due to small staff numbers
- [physical security](#) (DoE employees only) of assets, information and important forms (known as accountable forms)
- reconciliations to detect irregularities and errors
- [annual finance control self-assessments](#) (DoE employees only) is a tool to assist schools in monitoring their internal control environment.

Some controls, such as segregation of duties, may be difficult to achieve in small schools or business units because of small numbers of staff. If a control is not possible it must be replaced by a compensating control, for example, by regular independent checking by another school or centre (including a processing centre), or a Senior Finance Officer from the regional office.

Controls exist within three lines of defence, described in [The Institute of Internal Auditors \(IIA'S\) Three Lines Model](#):

- **Accountability:** The first line of defence is formed by managers and staff who identify and manage risk as part of their accountability for achieving objectives. Collectively, they should have the necessary knowledge, skills, information, and authority to operate the relevant controls. This requires an understanding of the department, its objectives, the environment in which it operates, and the risks it faces
- **Actions:** The second line of defence is provided by functions that oversee or staff who specialise in compliance or the management of risk. They provide the policies, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line, monitor their effectiveness and help ensure consistency of definitions and measurement of risk
- **Assurance and advice:** The third line of defence is provided by internal audit. Sitting outside the risk management processes of the first two lines of defence, its main roles are to ensure that the first two lines are operating effectively and advise how they could be improved. It evaluates, through a risk-based

approach, the effectiveness of governance, risk management, and internal controls, reporting to the Director-General and the Executive Leadership Team.

Staff members must report any suspicions of breakdowns in internal controls to [Integrity and Employee Relations](#) (DoE employees only) if they suspect misappropriation or fraud, or contact [Finance, Procurement and Facilities \(via SCO\)](#) (DoE employees only) if they have suggestions to improve controls.

The department's internal control environment is described annually in the [Chief Finance Officer Statement of Assurance](#). The Statement of Assurance is an annual attestation that internal controls are in place and operating as intended.

Definitions

Term	Definition
Detective controls	Controls designed to identify errors or fraud so that they can be appropriately dealt with.
Preventive controls	Controls designed to prevent errors or fraud before they occur.
Segregation of duties	An internal control designed to mitigate errors or fraud by making sure that more than one person is responsible for separate tasks within certain functions.

Legislation

- [Financial Accountability Act 2009 \(Qld\)](#) (s61)
- [Financial and Performance Management Standard 2019 \(Qld\)](#) (s7)
- [Human Rights Act 2019 \(Qld\)](#)

Delegations/Authorisations

- [Finance delegations](#)
- [Purchasing and procurement delegations](#) (DoE employees only)
- [Human Resource delegations](#) (DoE employees only)

Policies and procedures in this group

- Nil

Supporting information for this policy

- Nil

Other resources

- [Financial Accountability Handbook, Volume 4, Monitoring and Assessment](#)
- [Code of Conduct](#)
- [Standard of Practice](#)
- [Enterprise risk management policy](#)
- [Information security policy](#)
- [Information asset and recordkeeping procedure](#)
- [Information privacy breach and privacy complaints procedure](#)
- [Information security procedure](#)
- [Reporting fraud and corruption procedure](#)
- [Internal controls](#) (DoE employees only)
- [Australian/New Zealand Standard AS/NZS ISO 3100:2018 Risk Management – Principles and Guidelines](#)
- [Fraud and Corruption Control: Best Practice Guide, Crime and Corruption Commission](#)

Contact

For further information, please contact:

Finance, Procurement and Facilities through the [Services Catalogue Online](#) (DoE employees only).

Customers and users external to the department should email financialpolicy.finance@qed.qld.gov.au.

Review date

14/07/2030

Superseded versions

Previous seven years shown. Minor version updates not included.

1.0 Financial internal controls

Creative Commons licence

Attribution CC BY

Refer to the [Creative Commons Australia](#) site for further information